

**EXHIBIT A, Statement In Support of Proposed Notice
NOTICE OF SETTLEMENT, INCREASE IN RATES, AND FUTURE PROCEEDINGS
Public Service Commission of South Carolina, Docket No. 2014-346-WS**

I. NOTICE OF SETTLEMENT

On February 25, 2021, the Public Service Commission (“Commission”) approved a settlement in Docket No. 2014-346-WS. The approved settlement was agreed upon by all parties in the case: Daufuskie Island Utility Company, Inc. (“DIUC”), the Office of Regulatory Staff (“ORS”) and Haig Point Club and Community Inc., Melrose Property Owner’s Association and Bloody Point Property Owner’s Association (collectively as “POAs”). The settlement results in a rate increase that will become effective for service rendered on and after March 1, 2021, and billed by DIUC with its April 1, 2021, quarterly billing for the first quarter of 2021.

In its initial 2014 Application, DIUC requested a 108.9% increase over its 2012 rates. Since that time there have been two hearings before the Commission, two orders of the Commission, and two appeals to the South Carolina Supreme Court in this matter. As a result of the second Commission Order in late 2017, DIUC was permitted a \$950,178 overall rate increase that was designed to produce combined water and sewer annual revenues of \$2,023,759. That was an 88.5% increase over DIUC’s 2012 rates. DIUC implemented that increase but also appealed the Order. DIUC won the appeal and the matter was remanded to the Commission where DIUC sought additional annual revenues of \$243,955 for total combined annual revenues of \$2,267,714.

The settlement approved by the Commission permits DIUC to increase its rates and charges and annual combined revenues to \$2,267,714. DIUC’s April 1, 2021, customer billing will reflect a proration for the first quarter of 2021, with two months of service (for January and February 2021) billed at the existing rates and with one month (March 2021) billed at the increase authorized by the settlement agreement. The new rates are illustrated in SCHEDULE I, included herewith.

II. NOTICE OF ONGOING PROCEEDINGS IN DOCKET 2014-346-WS

In DIUC’s opinion, the 108.9% increase should have been allowed beginning on October 1, 2017, through March 1, 2021, so DIUC seeks “reparations” through one-time surcharges added to customer bills to recover the shortfall in revenues and return on investment for that period of time. Because the 108.9% increase was not allowed to begin on October 1, 2017, DIUC gave certain credits/refunds to customers in their January 1, 2018, billing. DIUC seeks reimbursement for the credit/refund made to the customers with the January 1, 2018, billing. DIUC is asking the Commission to allow recovery of those credits via a separate one-time surcharge with interest at the allowed 9.31% equity return.

The ORS and POAs oppose DIUC’s request for these surcharges. To allow the parties to present these issues for Commission consideration, the Settlement includes provisions for each party to present within a specific time schedule their respective initial and responsive positions to the Commission. If reparations through surcharges are approved by the Commission, DIUC will provide the specific calculations of the surcharges for review by the parties and approval of the Commission.

If reparations through surcharges are approved by the Commission, DIUC shall submit the calculation of the amount of the surcharges to individual customers for review by ORS. If there is a dispute as to the amount of the surcharges and their implementation there will be an evidentiary hearing for the Commission to determine the appropriate amount of surcharges.

DIUC has calculated the average amount for each type of the customers’ surcharges. These amounts are averages because calculating the specific amounts for every account is complicated and the calculations also depend upon when a final Order might be entered on this issue and how much water usage a customer had over the period of time at issue. For reference, the average amount for each type of the customers’ surcharges is illustrated in SCHEDULE II, which assumes a final Order before DIUC’s January 1, 2022 billing. Again, the specific amounts for each customer’s account will be calculated after a final Order. Any customers seeking a calculation of their accounts’ potential surcharge may contact DIUC to request a calculation their accounts’ potential surcharge. Customers may contact DIUC online at <https://www.daufuskieislandutility.com> or by telephone at 1-888-635-7878.

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NOTICE OF FUTURE PROCEEDINGS AND OPPORTUNITY TO BE HEARD

The settlement agreement does not end this proceeding. Docket No. 2014-346-WS remains open. DIUC, ORS, and the POAs will remain parties to the proceeding as it continues.

Any additional entity or person who wishes to participate in the future proceedings in this matter as a party of record should file Petition to Intervene in accordance with the Commission's Rules of Practice and Procedure on or before **April ---, 2021**. You must file the Petition to Intervene with the Commission, provide a copy to the Office of Regulatory Staff, and provide a copy to all parties of record. For the receipt of future Commission correspondence, please include an email address in the Petition to Intervene. ***Please refer to Docket No. 2014-346-WS and mail a copy to all other parties in this docket.***

Any person who seeks to intervene and who wishes to testify and present evidence at a hearing, if scheduled, should notify, in writing, DIUC; the Commission; the Office of Regulatory Staff at 1401 Main Street, Suite 900, Columbia, South Carolina 29201, on or before **April ---, 2021**. ***Please refer to Docket No. 2014-346-WS.***

A public hearing on the remaining issues in this docket, if scheduled, will be held in Columbia, South Carolina in the offices of the Commission located at 101 Executive Center Drive, Suite 100, Columbia, South Carolina 29210. The time and date of this hearing will be furnished to all interested parties at a later date.

For the most recent information regarding this docket, including changes in scheduled dates included in this Notice, please refer to www.psc.sc.gov and Commission Docket No. 2014-346-WS.

Persons seeking information about the Commission's procedures should contact the Commission at (803) 896-5100 or visit its website at www.psc.sc.gov.

SCHEDULE I Rates, effective March 1, 2021

SCHEDULE II Average Surcharges, Assuming a Billing Date of January 1, 2022

SCHEDULE I**EXHIBIT A, Statement In Support of Proposed Notice**

	Rates Effective Jan. - Feb. 2021	New Rates Effective March 1, 2021
<u>Water</u>		
Tapping Fees & 3/4" Meter	\$500.00	500.00
Base Quarterly Charge	\$140.09	155.83
Consumption Charge (per 1,000 gallons)	\$4.01	4.47
<u>Sewer</u>		
Tapping Fees & Service Lateral	\$500.00	500.00
Base Quarterly Charge	\$201.65	226.37
Volumetric Charge (per 1,000 gallons)	\$2.14	2.41
<u>Irrigation</u>		
Tapping Fees & 3/4" Meter	\$500.00	500.00
Consumption Charge (per 1,000 gallons)		
0-18,000 gallons per quarter	\$4.41	4.91
18,001-60,000 gallons	\$5.21	5.80
Over 60,000 gallons	\$6.02	6.69
<u>Commercial Rates</u>		
<u>Water</u>		
Tapping Fees per Hotel or Inn Room	\$250.00	250.00
Tapping Fees up to 1-1/2" Meter	\$500.00	500.00
Tapping Fees 2"-3" Meter	\$1,500.00	1,500.00
Tapping Fees for 6" Meter	\$3,500.00	3,500.00
Note: Larger meters on case by case basis		
Base Quarterly Charge	\$196.12	218.23
Consumption Charge (per 1,000 gallons)	\$4.01	4.47
<u>Sewer</u>		
Tapping Fees per Hotel or Inn Room	\$250.00	250.00
Tapping Fees 4"-8" Sewer Pipe	\$500.00	500.00
Base Quarterly Charge	\$282.31	316.91
Volumetric Charge (per 1,000 gallons)	\$2.14	2.41
<u>Irrigation</u>		
Tapping Fees & 3/4" Meter	\$500.00	500.00
Consumption Charge (per 1,000 gallons)		
0-18,000 gallons per quarter	\$4.41	4.91
18,001-60,000 gallons	\$5.21	5.80
Over 60,000 gallons	\$6.02	6.69
<u>Availability Rates (Quarterly)</u>		
<u>Water</u>	\$100.86	112.23
<u>Sewer</u>	\$130.07	146.01

**Average Reparation Surcharges
Assuming a Final Order of January 1, 2022**

	Surcharges	
	Water	Sewer
Average Residential Customer – Domestic Use (Using 12,000 Gallons of Water per Quarter)	\$388	\$540
Average Residential Customer – Domestic and Irrigation Use (Using 85,000 Gallons of Water per Quarter)	\$1,255	N/A
Average Commercial Customer (Using 20,000 Gallons of Water per Quarter)	\$569	\$773
Availability Customers	\$118	\$189
January 1, 2018 Credit/Refund Reimbursements:		
Residential Usage Domestic – Credit	\$212	\$295
Residential Customer – Domestic and Irrigation Use – Credit	\$474	N/A
Commercial Customer – Credit	\$311	\$423
Availability Credit	\$64	\$104

Note:

As stated in the foregoing Notice, DIUC is requesting the Commission approve its request for surcharges and a formula for calculating the surcharge amounts due for each customers' account(s). The average amount for each type of the customers' surcharges are provided above, assuming the entry of a final Order enabling the surcharges to become effective for billing on or about January 1, 2022. If the Commission approves DIUC's request to recover surcharges, the specific amounts for each customer's account will be calculated after a final Order. In the interim, any customers seeking a calculation of their accounts' potential surcharge may contact DIUC to request a calculation their accounts' potential surcharge. Customers may contact DIUC online at <https://www.daufuskieislandutility.com> or by telephone at 1-888-635-7878.